GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:743
ANSWERED ON:22.11.2002
SPLITTING UTI
MAHBOOB ZAHEDI;MANIKRAO HODLYA GAVIT;NARESH KUMAR PUGLIA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government propose to bifurcate UTI into two parts;

(b) if so, the details thereof;

(c) the financial implications of bifurcation of UTI on shareholders and the extent of impact alongwith the details thereof;

(d) whether the Government propose to introduce Voluntary Retirement Scheme in UTI; and

(e) if so, the time by which it is likely to be introduced?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) & (b) : Government have decided to bifurcate Unit Trust of India (UTI) into two parts (i) a specifiedundertaking comprising of the guaranteed portion consisting of US-64 and Assured Return Schemes, which will bemanaged by a Government appointed Administrator, assisted by a team of Advisers. It will not launch any new scheme; and (ii) a specified company comprising of all NAV based schemes and which will be fully compliant with SEBI Regulations and shall be professionally managed.It will be subsequently divested and the sales proceeds, net of expenses, will accrue to the Government.

(c) The Unit Trust of India (Transfer of Undertakingand Repeal) Ordinance, 2002, inter alia, provides thatthe initial capital contributed by the IDBI, LIC, SBIand the subsidiary bank and other institutions will be refunded by the Government depending upon the book value, assets and liabilities of the UTI.

(d) and (e): The Unit Trust of India (Transfer ofUndertaking and Repeal) Ordinance, 2002, inter alia,provides that officers and other employees of the UTI, other than the Chairman, trustees of the board and executive trustee shall be the officers and otheremployees of the specified company, on the same terms and conditions as applicable to them before repeal of the UTI Act, 1963.